



# County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA  
Chief Executive Officer

September 25, 2008

TO: Supervisor Yvonne B. Burke, Chair  
Supervisor Gloria Molina  
Supervisor Zev Yaroslavsky  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: William T Fujioka  
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", written over a horizontal line.

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

## CHIEF EXECUTIVE OFFICE RISK MANAGEMENT ANNUAL REPORT, FISCAL YEAR ENDED JUNE 30, 2008

Attached for your review is the fifth annual risk management report *Chief Executive Office Risk Management Annual Report, Fiscal Year Ended June 30, 2008*. The report addresses the following:

- Contains summaries of the past three fiscal year losses and costs for the County of Los Angeles' (County) vehicle liability, general liability, medical malpractice, and workers' compensation and salary continuation/State of California (State) Labor Code 4850 exposures;
- Assists departments to recognize the nature and extent of their losses;
- Facilitates departments' efforts to strengthen their loss control and prevention activities and Corrective Action Plans; and,
- Provides the County Cost of Risk that compares the Countywide cost of losses and expenses to the County's operating budget.

As contained in the report, the County's Fiscal Year (FY) 2007-08 Cost of Risk was calculated at \$441,131,084, or 2.02 percent of the County's \$21,889,657,000 operating budget.

*"To Enrich Lives Through Effective And Caring Service"*

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In FY 2007-08, the County's risk management programs experienced a number of successes:

- A 6 percent decrease in the Cost of Risk from 2.15 percent in FY 2006-07, to 2.02 percent in FY 2007-08.
- An 8 percent savings (\$25 million) from the budgeted \$310 million for Workers' Compensation Trust Fund (WCTF) expenses, to the actual paid expense of \$285 million for FY 2007-08.
- A modest 2 percent increase (\$5 million) in WCTF-paid expense from FY 2006-07 (\$280 million) to FY 2007-08 (\$285 million).
- An 18 percent decrease (\$4 million) in medical malpractice expense from FY 2006-07 (\$22 million) to FY 2007-08 (\$18 million).
- A 7 percent decrease in workers' compensation salary continuation and State Labor Code 4850 expenses from FY 2006-07 (\$43 million) to FY 2007-08 (\$40 million).
- A 35 percent decrease (\$1.2 billion) in the workers' compensation estimated outstanding losses from June 30, 2004 (\$3.4 billion) to June 30, 2008 (\$2.2 billion).
- Significant enhancements to the County's Correction Action Plan program.
- CEO recommendations for Department Head Management Appraisal and Performance Plan goals relating to risk management issues and programs.

### **Countywide Risk Management Program**

Support from each County Department Head for risk management activities is essential to minimize the County's Cost of Risk. Department Heads have demonstrated commitment by naming a departmental Risk Management Coordinator, supporting safety and return-to-work functions, and requiring staff to participate in workers' compensation and tort liability claim review meetings and roundtables. That effort is appreciated and is contributing to improvements in the Countywide risk management program and results.

Each Supervisor  
September 24, 2008  
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Continued Department Head support is needed to further enhance the County's risk management program. Enhancing an aggressive loss control and prevention program requires each department to identify their primary Costs of Risk through an evaluation of business operations, completion of thorough accident investigations and reviews, a review of loss data, and selection and implementation of methodologies to address their identified Costs of Risk. The CEO provides support for these efforts by consulting with department staff, providing recommendations based on best practices and assisting with their implementation, and by providing training concerning risk management, safety, claims, and return-to-work subjects. Workers' compensation loss data is available through the County's workers' compensation GenComp database, which the CEO made accessible to each department. Tort liability loss data can be obtained by requesting data from the CEO or County Counsel.

If you have any questions, please contact me or Rocky A. Armfield, County Risk Manager, at (213) 351-5346.

WTF:ES  
RAA:SEN:sg

Attachment

c: Each Department Head